

28 September 1974

JS hlt

NOTE TO: All NIOs and PP

SUBJECT: More on the KIQs

Attached is an exchange of correspondence between the DDO and the DCI which I believe all of you will find enlightening. The problems Mr. Nelson raises are valid ones and, as Mr. Colby notes, ones that could be equally well raised by the line heads of other operating components throughout the Community. The DCI's answer is fairly blunt (especially for him) and sheds some useful light on his evolving concept of the KIQ/KEP process and what he expects from it. It is principally for the latter reason that I commend this exchange to you. To keep our DDO fences in the necessary state of good repair, I suggest that this exchange and our knowledge of it not be discussed outside of our collegial fraternity.



George A. Carver, Jr.  
Deputy for National Intelligence Officers

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Attachments

- 1 - KIQ file ✓
- 1 - DOC Chrono

21 SEP 1974

2122-74

MEMORANDUM FOR: Deputy Director for Operations

SUBJECT : KIQ/KEP

1. I certainly understand and appreciate the problem you raise. However, every agency could raise the same problem if indeed the KIQ/KEP process were expected to go as deeply as you indicate. In fact, I have already indicated some reservation as to the degree of detail the KEP process should include and agreed to go through the trial set of 1974 KIQ evaluation during the next month or so in order to determine in practical terms the degree of detail needed and reasonably obtainable. In essence, I expect every agency to run its own internal management in its own fashion, in your case through your Objectives. At the top level of a particular agency (or directorate), however, I would hope that a minimum of staff work could ascertain (with only a reasonable degree of error) the manner in which the resources of the particular unit were divided between KIQ's, non-KIQ national questions and departmental or tactical questions not covered under the KIQ's. These three categories should cover the entire budget of the unit, with overhead and general support matters allocated according to the percentages developed for the major three categories noted above and the individual KIQ's. The process would have to be "simple, arbitrary and subjective." These resource statements would then be used by the NIO's to match up against their view of actual production against the KIQ's by each unit. The precision and accuracy of the whole process is subject to challenge, but the overall conclusions are drawn today with no effort to methodize the basis on which they are reached. This process is an attempt to so methodize them to the extent feasible without a large bureaucratic exercise.

2. That being said, I have forwarded your memo to the IC Staff with instructions to work out the best arrangements they can with you. I certainly do not expect to change your or any other agency's method of running its internal operations or set up separate accounting structures, etc.

WEC

W. E. Colby  
Director

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cc: D/DCI/IC  
Comptroller  
D/DCI/NIO

WEC: jlp (20 Sep 74)

1 - DCI

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SEP 1974

**SUBJECT:** The RIQ/KEP Process

1. This memorandum contains a recommendation for your approval in paragraph 6.
2. This Directorate welcomes the Key Intelligence Questions (KIQs) for Fiscal Year 1975 as an illumination of intelligence information needs of major importance. As you know from your approval of our FY 1975 Objectives, we have established a system whereby we subsume the KIQs into our system by taking them into consideration when writing the specific Objectives, noting which KIQs are reflected in each Objective. In the case of the FY 1975 KIQs, we have disseminated them throughout the DDO in order to inform all Directorate elements of the latest Key Intelligence Questions of primary importance to the Government. We also plan to send selected KIQs to appropriate Field Stations. Through this action, the KIQs will supplement the very specific operational guidance provided in the Operating Directives.
3. Bearing in mind the fact that the KIQs are only partially applicable to clandestine collection and the fact that you previously approved our management of our Program according to the MBO concept, the handling of KIQs in this Directorate does present some problems. For example, the scheduling for the issuance of new KIQs each year comes several months after our MBO meetings and decisions resulting therefrom which represent our Program submission to you. In fact, the KIQs will probably reach us each year after you have already made your decisions on our Program. Despite this, they serve as a valuable supplement to the Objectives, and we plan to handle them in that way.

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4. The KEP procedures, on the other hand, give us serious problems. As we understand what the IC Staff and NIOs are saying about this process, it requires financial accountings of expenditures against specific KIQs. Since we started the MBO system a year ago, we have completely revised our financial accounting system to report operational expenditures by Objective. Our experience has convinced us that financial accounting can only be done in meaningful terms when we have broad, stable objectives. It also shows that it is practically impossible to do when the objectives themselves are narrow and frequently changing. We cannot satisfy the financial requirements of the KEP system without completely scrapping and re-doing the work of the past year built around reporting by Objectives or establishing a parallel system to satisfy the KEP process. This, I believe, is beyond the capability of our Field apparatus to absorb. Any attempt at specific accounting short of these alternative courses would result in data which are meaningless for decision-making purposes.

5. The KEP presents the same problem in the field of evaluation. The KEP procedures will require NIOs to evaluate specific Program performance against each KIQ. This is far from the extensive evaluation system which we believe must be used for management of clandestine operations. As you of course recognize, the nature of clandestine operations requires investment of resources in the establishment of collection capabilities which sometimes precede and always are more comprehensive than short term intelligence requirements. Short term response to specific requirements such as the KIQs is unlikely to be a valid reflection of clandestine collection performance which is necessarily long term and target-oriented in nature.

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6. For the above reasons, I request reaffirmation of your concurrence in our handling of the RMDs under our MBO system and an exemption of this Directorate from participation in the REP process.

W. William E. Nelson

William E. Nelson  
Deputy Director for Operations

cc: DDCI  
D/DCI/IC

The recommendation contained in paragraph 6 is ( ) APPROVED  
( ) DISAPPROVED

W. E. Colby, Director of Central Intelligence      Date

DDO:AC/OPS/Page;C/Plans   pc(12 Sept 1974)

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